



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2002  
OF THE CONDITION AND AFFAIRS OF THE

Botsford Health Plan

NAIC Group Code	0000	0000	NAIC Company Code	52570	Employer's ID Number	38-3243956
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Dental Service Corporation [ ]	
	Vision Service Corporation [ ]		Other [ ]		Health Maintenance Organization [ X ]	
	Hospital, Medical & Dental Service or Indemnity [ ]		Is HMO, Federally Qualified? Yes [ X ] No [ ]			
Incorporated	06/26/1995		Commenced Business		10/01/1996	
Statutory Home Office	28050 Grand River Avenue			Farmington Hills, MI 48336-5933		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	28050 Grand River Avenue					
	(Street and Number)					
	Farmington Hills, MI 48336-5933			248-471-8157-0000		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	28050 Grand River Avenue			Farmington Hills, MI 48336-5933		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	28050 Grand River Avenue					
	(Street and Number)					
	Farmington Hills, MI 48336-5933			248-471-8157		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.botsfordsystem.org/bhp					
Statement Contact	Regina Doxtader			248-471-8157		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	rdoxtader@botsford.org			248-471-8887		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact						
	(Street and Number)					
	(City or Town, State and Zip Code)					
	(Area Code) (Telephone Number) (Extension)					

OFFICERS

President	Ronald P. Szumski	Secretary	Lisa D. Vandecaveye
Treasurer	David L. Marcellino		

VICE PRESIDENTS

DIRECTORS OR TRUSTEES

Gerson I Cooper	Ronald P. Szumski	Paul E. LaCasse D.O.
Jack D. Lennox D.O.	Frank F. Lanzilote D.O.	Richard N. Mark D.O.
Bridgette A. Davis	Annette Johnson #	Ethel Harris #

State of ..... } ss  
County of .....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Ronald P. Szumski President	Lisa D. Vandecaveye Secretary	David L. Marcellino Treasurer
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Subscribed and sworn to before me this March 31 day of 2003	a. Is this an original filing? Yes [ X ] No [ ] b. If no 1. State the amendment number 2. Date filed 3. Number of pages attached
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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 Net Admitted Assets
1. Bonds .....	.0		.0	.0
2. Stocks:				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	.0
3. Mortgage loans on real estate:				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ ..... encumbrances).....			(a) .0	.0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			.0	.0
5. Cash (\$ .....8,403,154 , Schedule E - Part 1) and short-term investments (\$ .....842,116 , Schedule DA - Part 2) .....	9,245,270		9,245,270	5,949,444
6. Other long-term invested assets .....	.0		.0	.0
7. Receivable for securities .....			.0	.0
8. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
9. Subtotals, cash and invested assets (Lines 1 to 8) .....	9,245,270	.0	9,245,270	5,949,444
10. Accident and health premiums due and unpaid .....	884,027		884,027	396,183
11. Health care receivables .....	.0		.0	.0
12. Amounts recoverable from reinsurers .....	17,505		17,505	11,936
13. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
14. Investment income due and accrued .....	763		763	.0
15. Amounts due from parent, subsidiaries and affiliates .....			.0	.0
16. Amounts receivable relating to uninsured accident and health plans .....			.0	.0
17. Furniture and equipment .....	75,756		75,756	56,551
18. Amounts due from agents .....			.0	.0
19. Federal and foreign income tax recoverable and interest thereon (including \$ ..... net deferred tax asset) .....			.0	.0
20. Electronic data processing equipment and software .....	394,110	383,258	10,852	5,945
21. Other nonadmitted assets .....	197,083	197,083	.0	.0
22. Aggregate write-ins for other than invested assets .....	.0	.0	.0	40,110
23. Total assets (Lines 9 plus 10 through 22)	10,814,514	580,341	10,234,173	6,460,169
DETAILS OF WRITE-INS				
0801. ....				
0802. ....				
0803. ....				
0898. Summary of remaining write-ins for Line 8 from overflow page .....	.0	.0	.0	.0
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)	0	0	0	0
2201. Other receivables-reinsurance experience rating premium refund.....			.0	40,110
2202. ....				
2203. ....				
2298. Summary of remaining write-ins for Line 22 from overflow page .....	.0	.0	.0	.0
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	0	0	0	40,110

(a) \$ ..... health care delivery assets included in Line 4.1, Column 3.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded)	2,872,149		2,872,149	2,027,688
2. Accrued medical incentive pool and bonus payments .....	3,594,562		3,594,562	1,089,478
3. Unpaid claims adjustment expenses .....	42,900		42,900	0
4. Aggregate policy reserves .....			0	0
5. Aggregate claim reserves .....			0	0
6. Premiums received in advance .....			0	0
7. General expenses due or accrued .....	85,414		85,414	25,677
8. Federal and foreign income tax payable and interest thereon (including \$ ..... on realized capital gains (losses)) (including \$ ..... net deferred tax liability) .....			0	0
9. Amounts withheld or retained for the account of others .....			0	0
10. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
11. Amounts due to parent, subsidiaries and affiliates .....	217,694		217,694	140,266
12. Payable for securities .....			0	0
13. Funds held under reinsurance treaties with (\$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....			0	0
14. Reinsurance in unauthorized companies .....			0	0
15. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
16. Liability for amounts held under uninsured accident and health plans .....			0	0
17. Aggregate write-ins for other liabilities (including \$ ..... current) .....	0	0	0	122,310
18 Total liabilities (Lines 1 to 17).....	6,812,718	0	6,812,718	3,405,419
19. Common capital stock .....	XXX	XXX		0
20 Preferred capital stock .....	XXX	XXX		0
21. Gross paid in and contributed surplus .....	XXX	XXX		0
22. Surplus notes .....	XXX	XXX		0
23. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
24. Unassigned funds (surplus) .....	XXX	XXX	3,421,455	3,054,750
25. Less treasury stock, at cost:				
25.1 .....shares common (value included in Line 19 \$ ..... ) .....	XXX	XXX		0
25.2 .....shares preferred (value included in Line 20 \$ ..... ) .....	XXX	XXX		0
26. Total capital and surplus (Lines 19 to 24 Less 25) .....	XXX	XXX	3,421,455	3,054,750
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	10,234,173	6,460,169
DETAILS OF WRITE-INS				
1701. Due to State of Michigan.....			0	122,310
1702. ....				
1703. ....				
1798. Summary of remaining write-ins for Line 17 from overflow page .....	0	0	0	0
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	0	0	0	122,310
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	102,782	80,237
2. Net premium income .....	XXX	19,960,701	13,729,575
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		0
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		0
5. Risk revenue .....	XXX		0
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Total revenues (Lines 2 to 6) .....	XXX	19,960,701	13,729,575
<b>Medical and Hospital:</b>			
8. Hospital/medical benefits .....		10,037,301	7,326,259
9. Other professional services .....		1,141,125	841,709
10. Outside referrals .....			0
11. Emergency room and out-of-area .....		589,793	541,740
12. Prescription Drugs .....		1,648,307	
13. Aggregate write-ins for other medical and hospital .....	0	(993,046)	1,423,957
14. Incentive pool and withhold adjustments .....		4,858,783	1,047,071
15. Subtotal (Lines 8 to 14) .....	0	17,282,264	11,180,736
<b>Less:</b>			
16. Net reinsurance recoveries .....	0	41,593	11,936
17. Total medical and hospital (Lines 15 minus 16) .....	0	17,240,671	11,168,800
18. Claims adjustment expenses .....		387,201	257,286
19. General administrative expenses.....		1,858,225	1,418,022
20. Increase in reserves for accident and health contracts .....			0
21. Total underwriting deductions (Lines 17 through 20) .....	0	19,486,097	12,844,108
22. Net underwriting gain or (loss) (Lines 7 minus 21) .....	XXX	474,604	885,467
23. Net investment income earned .....		121,320	148,947
24. Net realized capital gains or (losses) .....			0
25. Net investment gains or (losses) (Lines 23 + 24) .....	0	121,320	148,947
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			0
27. Aggregate write-ins for other income or expenses .....	0	88,472	400,012
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....	0	684,396	1,434,426
29. Federal and foreign income taxes incurred .....	XXX		0
30. Net income (loss) (Lines 28 minus 29)	XXX	684,396	1,434,426
<b>DETAILS OF WRITE-INS</b>			
0601. Maternal and infant outreach services.....	XXX		0
0602. Third Party Recoveries.....	XXX		0
0603. Prior Year Settlement.....	XXX	0	0
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	0
1301. Pharmacy expense.....			1,181,356
1302. Maternal and infant outreach services.....			0
1303. Patient transportation services.....		355,305	242,601
1398. Summary of remaining write-ins for Line 13 from overflow page .....	0	(1,348,351)	0
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	(993,046)	1,423,957
2701. Prior Year Settlement.....			0
2702. Contractor Performance Bonus - Benchmark Adjustment.....		88,472	400,000
2703. Copying fees.....			12
2798. Summary of remaining write-ins for Line 27 from overflow page .....	0	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	0	88,472	400,012

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT:</b>		
31. Capital and surplus prior reporting year .....	3,054,749	1,728,632
<b>GAINS AND LOSSES TO CAPITAL &amp; SURPLUS:</b>		
32. Net income or (loss) from Line 30 .....	684,396	1,434,426
33. Change in valuation basis of aggregate policy and claim reserve .....		0
34. Net unrealized capital gains and losses .....		0
35. Change in net unrealized foreign exchange capital gain or (loss) .....		0
36. Change in net deferred income tax .....		0
37. Change in nonadmitted assets .....	(317,690)	(139,165)
38. Change in unauthorized reinsurance .....	0	0
39. Change in treasury stock .....		0
40. Change in surplus notes .....	0	0
41. Cumulative effect of changes in accounting principles .....		0
42. Capital Changes:		
42.1 Paid in .....		0
42.2 Transferred from surplus (Stock Dividend) .....		0
42.3 Transferred to surplus .....		0
43. Surplus adjustments:		
43.1 Paid in .....		0
43.2 Transferred to capital (Stock Dividend) .....		0
43.3 Transferred from capital .....		0
44. Dividends to stockholders .....		0
45. Aggregate write-ins for gains or (losses) in surplus .....	0	30,856
46. Net change in capital & surplus (Lines 32 to 45) .....	366,706	1,326,117
47. Capital and surplus end of reporting year (Line 31 plus 46)	3,421,455	3,054,749
<b>DETAILS OF WRITE-INS</b>		
4501. Prior year inpatient settlement due to State of Michigan 1998.....	0	0
4502. Prior year audit adjustment to recognize reinsurance recoveries.....	0	30,856
4503. Prior year inpatient settlement due from State of Michigan 1999.....	0	0
4598. Summary of remaining write-ins for Line 45 from overflow page .....	0	0
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)	0	30,856

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

CASH FLOW

	1 Current Year	2 Prior Year
<b>Cash from Operations</b>		
1. Premiums and revenues collected net of reinsurance .....	19,472,857	14,293,369
2. Claims and claims adjustment expenses .....	15,589,548	10,853,236
3. General administrative expenses paid .....	1,798,485	1,431,514
4. Other underwriting income (expenses) .....	0	0
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	2,084,824	2,008,619
6. Net investment income .....	121,320	148,947
7. Other income (expenses) .....	1,436,822	400,012
8. Federal and foreign income taxes (paid) recovered .....	0	0
9. Net cash from operations (Lines 5 to 8) .....	3,642,966	2,557,578
<b>Cash from Investments</b>		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds .....	0	0
10.2 Stocks .....	0	0
10.3 Mortgage loans .....	0	0
10.4 Real estate .....	0	0
10.5 Other invested assets .....	0	0
10.6 Net gains or (losses) on cash and short-term investments .....	0	0
10.7 Miscellaneous proceeds .....	0	0
10.8 Total investment proceeds (Lines 10.1 to 10.7) .....	0	0
11. Cost of investments acquired (long-term only):		
11.1 Bonds .....	0	0
11.2 Stocks .....	0	0
11.3 Mortgage loans .....	0	0
11.4 Real estate .....	0	0
11.5 Other invested assets .....	0	0
11.6 Miscellaneous applications .....	0	0
11.7 Total investments acquired (Lines 11.1 to 11.6) .....	0	0
12. Net Cash from investments (Line 10.8 minus Line 11.7) .....	0	0
<b>Cash from Financing and Miscellaneous Sources</b>		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in .....	0	0
13.2 Net transfers from affiliates .....	77,428	75,771
13.3 Borrowed funds received .....	0	0
13.4 Other cash provided .....	0	138,747
13.5 Total (Lines 13.1 to 13.4) .....	77,428	214,518
14. Cash applied:		
14.1 Dividends to stockholders paid .....	0	0
14.2 Net transfers to affiliates .....	0	0
14.3 Borrowed funds repaid .....	0	0
14.4 Other applications .....	424,562	219,647
14.5 Total (Lines 14.1 to 14.4) .....	424,562	219,647
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	(347,134)	(5,129)
<b>RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS</b>		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	3,295,832	2,552,449
17. Cash and short-term investments:		
17.1 Beginning of year .....	5,949,442	3,396,993
17.2 End of year (Line 16 plus Line 17.1) .....	9,245,274	5,949,442

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income .....	19,960,701								19,960,701				
2. Change in unearned premium reserves and reserve for rate credit .....	0												
3. Fee-for-service (net of \$ .....													
medical expenses) .....	0												
4. Risk revenue.....	0												
5. Aggregate write-ins for other health care related revenues .....	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Total revenues (Lines 1 to 5).....	19,960,701	0	0	0	0	0	0	0	19,960,701	0	0	0	0
7. Medical/hospital benefits .....	10,037,301								10,037,301				
8. Other professional services .....	1,141,125								1,141,125				
9. Outside referrals .....	0												
10. Emergency room and out-of-area .....	589,793								589,793				
11. Prescription Drugs .....	1,648,307								1,648,307				
12. Aggregate write-ins for other medical and hospital .....	(993,046)	0	0	0	0	0	0	0	(993,046)	0	0	0	0
13. Incentive pool and withhold adjustments .....	4,858,783								4,858,783				
14. Subtotal (Lines 7 to 13) .....	17,282,263	0	0	0	0	0	0	0	17,282,263	0	0	0	0
15. Net reinsurance recoveries .....	41,593								41,593				
16. Total medical and hospital (Lines 14 minus 15) .....	17,240,670	0	0	0	0	0	0	0	17,240,670	0	0	0	0
17. Claims adjustment expenses .....	387,201								387,201				
18. General administrative expenses .....	1,858,225								1,858,225				
19. Increase in reserves for accident and health contracts .....	0												
20. Total underwriting deductions (Lines 16 to 19) .....	19,486,096	0	0	0	0	0	0	0	19,486,096	0	0	0	0
21. Total underwriting gain or (loss) (Line 6 minus Line 20) .....	474,605	0	0	0	0	0	0	0	474,605	0	0	0	0
DETAILS OF WRITE-INS													
0501. ....													
0502. ....													
0503. ....													
0598. Summary of remaining write-ins for Line 5 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above) .....	0	0	0	0	0	0	0	0	0	0	0	0	0
1201. Patient Transportation Services.....	355,305								355,305				
1202. Prior Year Settlement.....	(1,348,351)								(1,348,351)				
1203. ....													
1298. Summary of remaining write-ins for Line 12 from overflow page .....	0	0	0	0	0	0	0	0	0	0	0	0	0
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above) .....	(993,046)	0	0	0	0	0	0	0	(993,046)	0	0	0	0



STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital) .....				.0
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan Premiums .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	20,192,266		231,565	19,960,701
8. Other .....				.0
9. Totals	20,192,266	0	231,565	19,960,701

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STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1. Direct .....	505,648							505,648	
1.2. Reinsurance assumed .....	.0								
1.3. Reinsurance ceded .....	.0								
1.4. Net .....	505,648	.0	.0	.0	.0	.0	.0	505,648	.0
2. Incurred but Unreported:									
2.1. Direct .....	2,366,501							2,366,501	
2.2. Reinsurance assumed .....	.0								
2.3. Reinsurance ceded .....	.0								
2.4. Net .....	2,366,501	.0	.0	.0	.0	.0	.0	2,366,501	.0
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct .....	.0								
3.2. Reinsurance assumed .....	.0								
3.3. Reinsurance ceded .....	.0								
3.4. Net .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4. TOTALS:									
4.1. Direct .....	2,872,149	.0	.0	.0	.0	.0	.0	2,872,149	.0
4.2. Reinsurance assumed .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.3. Reinsurance ceded .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
4.4. Net .....	2,872,149	0	0	0	0	0	0	2,872,149	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid December 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (medical and hospital) .....					.....0	.....0
2. Medicare Supplement .....					.....0	.....0
3. Dental Only.....					.....0	.....0
4. Vision Only.....					.....0	.....0
5. Federal Employees Health Benefits Plan Premiums .....					.....0	.....0
6. Title XVIII - Medicare .....					.....0	.....0
7. Title XIX - Medicaid.....	.....2,012,432	.....9,523,689		.....2,872,149	.....2,012,432	.....2,027,688
8. Other .....					.....0	.....0
9. Subtotal .....	.....2,012,432	.....9,523,689	.....0	.....2,872,149	.....2,012,432	.....2,027,688
10. Medical incentive pools, accruals and disbursements .....	.....2,353,699			.....3,594,562	.....2,353,699	.....1,089,478
11. Totals	4,366,131	9,523,689	0	6,466,711	4,366,131	3,117,166

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
**(000 Omitted)**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior		.0	.0	.0	.0	
2. 1998		.0	.0	.0	.0	
3. 1999		XXX	.0	.321	.13	.0
4. 2000		XXX	XXX	5,190	1,227	.5
5. 2001		XXX	XXX	XXX	8,460	2,007
6. 2002		XXX	XXX	XXX	XXX	9,523

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	.0	.0	.0	.0	
2. 1998 .....	.0	.0	.0	.0	
3. 1999 .....	XXX.	.0	.321	.13	
4. 2000 .....	XXX.	XXX.	6,784	1,227	
5. 2001 .....	XXX.	XXX.	XXX.	10,487	(1,363)
6. 2002 .....	XXX.	XXX.	XXX.	XXX.	13,787

[illegible]

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS**  
**(000 Omitted)**

## Section A - Paid Claims- Grand Total

Year in Which Losses Were Incurred	Net Amounts Paid				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	0	0	0	0	0
2. 1998 .....	0	0	0	0	0
3. 1999 .....	XXX	0	321	13	0
4. 2000 .....	XXX	XXX	5,190	1,227	5
5. 2001 .....	XXX	XXX	XXX	8,460	2,007
6. 2002 .....	XXX	XXX	XXX	XXX	9,523

## Section B - Incurred Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 1998	2 1999	3 2000	4 2001	5 2002
1. Prior .....	0	0	0	0	0
2. 1998 .....	0	0	0	0	0
3. 1999 .....	XXX	0	321	13	0
4. 2000 .....	XXX	XXX	6,784	1,227	0
5. 2001 .....	XXX	XXX	XXX	10,487	(1,363)
6. 2002 .....	XXX	XXX	XXX	XXX	13,787

## Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Grand Total

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ ..... for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net)(Page 3, Line 4)	0	0	0	0	0	0	0	0	0
CLAIM RESERVE									
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net)(Page 3, Line 5)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501. ....									
0502. ....									
0503. ....									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101. ....									
1102. ....									
1103. ....									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$ ..... premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT  
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ ..... for occupancy of own building).....	6,444	25,776		32,220
2. Salaries, wages and other benefits.....	164,403	1,048,506		1,212,909
3. Commissions (less \$ ..... ceded plus \$ ..... assumed).....				0
4. Legal fees and expenses.....		250		250
5. Certifications and accreditation fees.....		0		0
6. Auditing, actuarial and other consulting services.....		29,200		29,200
7. Traveling expenses.....	1,438	22,073		23,511
8. Marketing and advertising.....		38,479		38,479
9. Postage, express and telephone.....	6,697	59,023		65,720
10. Printing and office supplies.....	633	30,243		30,876
11. Occupancy, depreciation and amortization.....		21,210		21,210
12. Equipment.....	219	4,112		4,331
13. Cost or depreciation of EDP equipment and software.....	18,760	56,591		75,351
14. Outsourced services including EDP, claims, and other services.....	187,102	417,071		604,173
15. Boards, bureaus and association fees.....	100	40,729		40,829
16. Insurance, except on real estate.....		28,183		28,183
17. Collection and bank service charges.....		7,758		7,758
18. Group service and administration fees.....				0
19. Reimbursements by uninsured accident and health plans.....				0
20. Reimbursements from fiscal intermediaries.....				0
21. Real estate expenses.....				0
22. Real estate taxes.....				0
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....				0
23.2 State premium taxes.....				0
23.3 Regulatory authority licenses and fees.....				0
23.4 Payroll taxes.....				0
23.5 Other (excluding federal income and real estate taxes).....				0
24. Investment expenses not included elsewhere.....				0
25. Aggregate write-ins for expenses.....	1,404	29,021	0	30,425
26. Total expenses incurred (Lines 1 to 25).....	387,200	1,858,225	0	(a) 2,245,425
27. Add expenses unpaid December 31, prior year.....	0	25,677		25,677
28. Less expenses unpaid December 31, current year.....	42,900	85,417		128,317
29. Amounts receivable related to uninsured accident and health plans, prior year.....				0
30. Amounts receivable related to uninsured accident and health plans, current year.....				0
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)	344,300	1,798,485	0	2,142,785
DETAIL OF WRITE-INS				
2501. ....	0			0
2502. Seminars and Education.....	917	20,430		21,347
2503. Miscellaneous Expense.....	487	8,591		9,078
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	1,404	29,021	0	30,425

(a) Includes management fees of \$ ..... to affiliates and \$ ..... to non-affiliates.



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a) .....	.....
1.1	Bonds exempt from U.S. tax .....	(a) .....	.....
1.2	Other bonds (unaffiliated) .....	(a) .....	.....
1.3	Bonds of affiliates .....	(a) .....	.....
2.1	Preferred stocks (unaffiliated) .....	(b) .....	.....
2.11	Preferred stocks of affiliates .....	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c) .....	.....
4.	Real estate .....	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments .....	(e) .....121,320	.....121,320
7.	Derivative instruments .....	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income .....	.....121,320	.....121,320
11.	Investment expenses .....		(g) .....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g) .....
13.	Interest expense .....		(h) .....
14.	Depreciation on real estate and other invested assets .....		(i) .....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16) .....		.....121,320
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....0	.....0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		.....0

(a) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.  
(b) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued dividends on purchases.  
(c) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.  
(d) Includes \$ .....for company's occupancy of its own buildings; and excludes \$ .....interest on encumbrances.  
(e) Includes \$ .....accrual of discount less \$ .....amortization of premium and less \$ .....paid for accrued interest on purchases.  
(f) Includes \$ .....accrual of discount less \$ .....amortization of premium.  
(g) Includes \$ .....investment expenses and \$ .....investment taxes, licenses and fees, excluding federal income taxes, attributable to  
segregated and Separate Accounts.  
(h) Includes \$ .....interest on surplus notes and \$ .....interest on capital notes.  
(i) Includes \$ .....depreciation on real estate and \$ .....depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....					.....0
1.1	Bonds exempt from U.S. tax .....					.....0
1.2	Other bonds (unaffiliated) .....					.....0
1.3	Bonds of affiliates .....					.....0
2.1	Preferred stocks (unaffiliated) .....					.....0
2.11	Preferred stocks of affiliates .....					.....0
2.2	Common stocks (unaffiliated) .....					.....0
2.21	Common stocks of affiliates .....					.....0
3.	Mortgage loans .....					.....0
4.	Real estate .....					.....0
5.	Contract loans .....					.....0
6.	Cash/Short-term investments .....					.....0
7.	Derivative instruments .....					.....0
8.	Other invested assets .....					.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
DETAILS OF WRITE-INS						
0901.	.....					
0902.	.....					
0903.	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....0	.....0	.....0	.....0	.....0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED  
ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2 .....	383,258	120,986	(262,272)
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		0	0
2.2 Leasehold improvements.....		0	0
2.3 Cash advanced to or in hands of officers and agents.....		0	0
2.4 Loans on personal security, endorsed or not.....			0
2.5 Commuted commissions.....			0
3. Total (Lines 2.1 to 2.5) .....	0	0	0
4. Aggregate write-ins for other assets.....	197,083	141,665	(55,418)
5. Total (Line 1 plus Lines 3 and Line 4)	580,341	262,651	(317,690)
0401. Prepaid expenses.....	158,177	141,665	(16,512)
0402. ....		0	0
0403. Vehicles.....	38,906	0	(38,906)
0498. Summary of remaining write-ins for Line 4 from overflow page .....	0	0	0
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	197,083	141,665	(55,418)

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	7,146	7,848	8,525	9,381	9,592	102,782
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	7,146	7,848	8,525	9,381	9,592	102,782
DETAILS OF WRITE-INS						
0601. ....						
0602. ....						
0603. ....						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. Summary of Significant Accounting Policies**

#### **A. Accounting Practices**

The financial statements of the Botsford Health Plan are presented on the basis of accounting practices prescribed or permitted by the Office of Financial and Insurance Services (OFIS) of the State of Michigan, which are designed primarily to demonstrate the ability to meet claims of policyholders. The Office of Financial and Insurance Services has elected to postpone the effective date for implementation of codification for all entities for the 2002 quarterly and annual statements. The new effective date for implementation of codification is January 1, 2003. The State has permitted certain prescribed accounting practices that differ from those found in NAIC SAP. Specifically 100% of all furniture and equipment can be considered admitted assets by Michigan domiciled companies. In NAIC SAP, fixed assets are not admitted. If NAIC SAP was followed furniture and equipment would reduce total capital and surplus by \$75,756 at the end of 2002.

#### **B. Use of Estimates in the Preparation of the Financial Statements**

The preparation of financial statements in conformity with the OFIS's accounting practices and permitted practices requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements and accompanying notes. Actual results could differ from those estimates.

#### **C. Accounting Policy**

The Plan uses the following accounting policies:

- (i) The Plan classifies all highly liquid investments purchased with a maturity of three months or less as cash equivalents.
- (ii) Claims Payable includes estimates for reported and unreported claims, based on past experience modified for current trends. Management believes claims payable at December 31, 2002 and 2001 are adequate to cover the ultimate cost of settling all claims incurred to date. Because losses depend upon factors such as cost trends and inflation, the process used to establish the liability for claims payable is based on estimates. Adjustments resulting from revisions of those estimates are charged or credited to operations in the period in which the revisions are made.
- (iii) The Plan recognizes premiums from the State of Michigan as income in the period in which they are earned. No premiums are collected in advance. Premiums for retroactive adjustments are recorded when received. Settlements with MDCH for medical claims from previous periods are reported as changes in estimates and classified as adjustments to medical expenses. Settlements reported in 2002 and 2001 resulted in (decreases) increases in medical expense of approximately (\$1,348,000) and \$294,000, respectively.
- (iv) The Plan records furniture and equipment at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets range from 3 to 15 years.

#### **2. Accounting Changes and Corrections of Errors - Not Applicable**

#### **3. Business Combinations & Goodwill - Not Applicable**

#### **4. Discontinued Operations - Not Applicable**

#### **5. Investments - Not Applicable**

#### **6. Joint Ventures, Partnerships and Limited Liability Companies - Not Applicable**

#### **7. Investment Income - Not Applicable**

#### **8. Derivative Instruments - Not Applicable**

#### **9. Income Taxes - Botsford Health Plan has been recognized by the Internal Revenue Service as an organization exempt from income taxes under Internal Revenue Code Section 501 (c)(4).**

#### **10. Information Concerning Parent, Subsidiaries and Affiliates - Botsford General Hospital and affiliates provided approximately 23% of the Plan's medical expenses during 2002 and 27% during 2001. The Plan had outstanding medical claims payable owing to Botsford General Hospital at December 31, 2002 and 2001 of \$268,000 and \$153,000 respectively.**

The Plan entered into an agreement with Zieger Health Care Corporation ("ZHCC") to provide day-to-day management and operational services necessary to operate the Plan as a licensed health maintenance organization in Michigan. The Plan, through its Board of Directors, maintains the right, at all times, to exercise ultimate authority and control over policies and assets of the Plan, and shall retain the ultimate authority and responsibility regarding the powers, duties, and responsibilities vested in the Plan by law. ZHCC has assigned the responsibility of providing operational services, including employees, to Botsford General Hospital.

**ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN**

## **NOTES TO FINANCIAL STATEMENTS**

The Plan had amounts owing to Botsford General Hospital for wages, salaries, bonuses and employee benefits paid to personnel rendering or supervising services, supplies, rents, utilities and general office expenses at December 31, 2002 and 2001 of \$217,000 and \$140,000 respectively.

11. Debt - Not Applicable

12. Retirement Plans, Deferred Compensation, Posemployment Benefits & Compensated Absences and Other Postretirement Benefit Plans - Not Applicable

13. Capital and Surplus, Shareholders Dividend Restrictions and Quasi-Reorganizations - Not Applicable

14. Contingencies

The Plan is the defendant in litigation arising in the normal course of business. Management believes that the ultimate disposition of such contingencies will not have a material adverse effect on the Plan's financial position or results of operations.

15. Leases

The Plan leases office space under an operating lease with a term of one (1) year which expires on July 31, 2003. The lease has an option term for two (2) one (1) year renewals. The annual base rent is \$47,290. Rent expense was approximately \$32,000 and 25,000 for the years ended December 31, 2002 and 2001.

16. Information about Financial Instruments with Concentrations of Credit Risk - Not Applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - Not Applicable

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans - Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - Not Applicable

20. Other items

A. Premium Receivable - represents net inpatient capitation due from the Michigan Department of Community Health. Prior to October 1, 2001, MDCH administered inpatient claims payments of the Plan, and nets these claim amounts against inpatient capitation before remitting inpatient capitation to the Plan.

B. Statutory Reserves - Under the laws of the State of Michigan, the Plan is required to fund a statutory reserve fund. The deposit is an amount determined adequate by the Commissioner but not less than \$100,000 plus 5% of annual premium revenue up to a \$1,000,000 maximum deposit.

An investment trust is maintained in compliance with the requirements outlined above. Investments consist of United States Government obligations and are stated at fair value.

21. Subsequent Events - Not Applicable

22. Reinsurance - Under a reinsurance agreement with an insurance company, the Plan is liable for the first \$80,000 and \$75,000 per member per contract year for 2002 and 2001 respectively. The liability in excess of this amount is assumed by the reinsurer, subject to certain limitations and deductibles ranging from 10% to 50%. The maximum coverage is limited to \$1,000,000 per member per contract year, with lifetime coverage limited to \$2,000,000 per member.

As of December 31, 2002 the Plan has a receivable for \$17,500 for amounts recoverable under the reinsurance policy.

23. Retrospectively Rated Contracts & Contracts Subject to Redetermination - Not Applicable

24. Salvage and Subrogation - Not Applicable

25. Change in Incurred Claims and Claims Adjustment Expenses - Changes in actuarial estimates of unpaid and unreported claims reported reflect revisions in estimates of medical cost trends and changes in claims processing patterns.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

NOTES TO FINANCIAL STATEMENTS

26. Organization and Operation - Botsford Health Plan ("Plan") is a not-for-profit health maintenance organization and is licensed by the State of Michigan. The sole member of the Plan is Zieger Health Care Corporation. The Plan is also an affiliate of Botsford General Hospital, Botsford Continuing Care Corporation, Community Emergency Medical Services Inc. and Botsford Real Estate Service Corporation. Botsford Health Plan commenced operations in April 1996 as a not-for-profit capitated qualified health plan and became a licensed Michigan health maintenance organization on March 1, 2000.

The primary source of revenue is through a capitated agreement with the Michigan Department of Community Health ("MDCH") to provide comprehensive health care program ("CHCP") services for Medicaid beneficiaries in the service area of Wayne County. The contract is a unit price, per member per month capitated rate contract. The current contract with MDCH was effective October 1, 2002 and continues to October 1, 2003. The contract may be extended for no more than three (3) one-year extensions after September 30, 2002. The Plan will then renegotiate its contract with the State of Michigan.

27. Minimum Net Worth - Under the laws of the State of Michigan, an HMO that does not provide 90% of benefit payout from contracted or employed providers, is required to maintain a minimum net worth of the greater of \$3,000,000 or 10% of subscription revenue or 3 months' uncovered expenditures. Net worth is determined on a statutory accounting basis. Existing HMOs have until December 31, 2003 to comply with the new requirement, however, once the HMO attains the new minimum level of net worth prior to December 31, 2003 it must continue to maintain that level of net worth.

Net earned subscription revenue	\$19,960,201
	<u>X10%</u>
Minimum net worth based on premiums	\$ 1,996,070

The Plan has no uncovered expenditures therefore the minimum net worth is \$3,000,000.

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....		0.000		0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA .....		0.000		0.000
1.512 Issued by FNMA and FHLMC .....		0.000		0.000
1.513 Privately issued .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC .....		0.000		0.000
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....		0.000		0.000
1.523 All other privately issued .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		0.000		0.000
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000	0	0.000
5.2 Property held for the production of income (includes \$ ..... of property acquired in satisfaction of debt) .....		0.000	0	0.000
5.3 Property held for sale (\$ ..... including property acquired in satisfaction of debt) .....		0.000	0	0.000
6. Policy loans .....		0.000		0.000
7. Receivables for securities .....		0.000	0	0.000
8. Cash and short-term investments .....	9,245,271	100.000	9,245,270	100.000
9. Other invested assets .....		0.000		0.000
10. Total invested assets	9,245,271	100.000	9,245,270	100.000

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [ X ] No [ ]
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [ X ] No [ ] NA [ ]
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [ ] No [ X ]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/31/2003
- 3.4

By what department or departments? Office of Financial and Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [ ] No [ X ]

4.12 renewals?

Yes [ ] No [ X ]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [ ] No [ X ]

4.22 renewals?

Yes [ ] No [ X ]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [ ] No [ X ]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [ ] No [ X ]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [ ] No [ X ]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES  
(continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Deloitte & Touche LLP Suite 900 600 Renaissance Center Detroit, MI 48243-1895.....
9.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Deloitte & Touche LLP Human Capital Advisory Services 400 One Financial Plaza 120 South Sixth Street Minneapolis, MN 55402-1844.....
10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 10.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 10.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? .....
- 10.3

Have there been any changes made to any of the trust indentures during the year? .....
- 10.4

If answer to (10.3) is yes, has the domiciliary or entry state approved the changes? .....
- Yes [ X ]

No [ ]

Yes [ ]

No [ X ]

Yes [ ]

No [ ]

NA [ ]

BOARD OF DIRECTORS

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof? .....
12.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof? .....
13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.
- Yes [ X ]

No [ ]

Yes [ X ]

No [ ]

Yes [ X ]

No [ ]

FINANCIAL

- 14.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.11

To directors or other officers ..
- 14.12

To stockholders not officers ...
- 14.13

Trustees, supreme or grand (Fraternal only) .....
- 14.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 14.21

To directors or other officers ...
- 14.22

To stockholders not officers ....
- 14.23

Trustees, supreme or grand (Fraternal only) .....
- 15.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? .....
- 15.2

If yes, state the amount thereof at December 31 of the current year:
- 15.21

Rented from others .....
- 15.22

Borrowed from others .....
- 15.23

Leased from others .....
- 15.24

Other .....
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? .....
- 16.2

If answer is yes,
- 16.21

Amount paid as losses or risk adjustment .....
- 16.22

Amount paid as expenses .....
- 16.23

Other amounts paid .....
- Yes [ ]

No [ X ]

Yes [ ]

No [ X ]

Yes [ ]

No [ X ]

Yes [ ]

No [ X ]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES  
(continued)  
INVESTMENT

17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred	.....0	.....0	.....0.000	.....0	[   ]	[ X ]	[   ]	[ X ]
Common	0	0	0.000	XXX	XXX	XXX	XXX	XXX

18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? ..... Yes [ X ] No [   ]

18.2 If no, give full and complete information relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) ..... Yes [   ] No [ X ]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21

Loaned to others .....

\$.....

19.22

Subject to repurchase agreements .....

\$.....

19.23

Subject to reverse repurchase agreements .....

\$.....

19.24

Subject to dollar repurchase agreements .....

\$.....

19.25

Subject to reverse dollar repurchase agreements .....

\$.....

19.26

Pledged as collateral .....

\$.....

19.27

Placed under option agreements .....

\$.....

19.28

Letter stock or other securities restricted as to sale ...

\$.....

19.29

Other .....

\$.....

19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31 .....

19.35 .....

19.32 .....

19.36 .....

19.33 .....

19.37 .....

19.34 .....

19.38 .....

19.39 .....

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? ..... Yes [   ] No [ X ]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [   ] No [   ] NA [ X ]  
If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? ..... Yes [   ] No [ X ]

21.2. If yes, state the amount thereof at December 31 of the current year. .... \$.....

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [ X ] No [   ]

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
.....	.....
.....	.....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES  
(continued)  
INVESTMENT

22.02 For all agreements that do not comply with the requirements of the NAIC Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [    ] No [ X ]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

OTHER

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$.....12,348

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans.....	\$ 12,348 .....
	\$ .....
	\$ .....

24.1 Amount of payments for legal expenses, if any?..... \$.....250

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Vicko, Lane, Payne & Broder PC.....	\$ 250 .....
	\$ .....
	\$ .....

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ .....0

25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
	\$ .....
	\$ .....
	\$ .....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

GENERAL INTERROGATORIES  
(continued)

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [ ] No [ X ]

1.2

If yes, indicate premium earned on U. S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

0

1.62

Total incurred claims

\$

0

1.63

Number of covered lives

\$

0

All years prior to most current three years:

1.64

Total premium earned

\$

0

1.65

Total incurred claims

\$

0

1.66

Number of covered lives

\$

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

0

1.72

Total incurred claims

\$

0

1.73

Number of covered lives

\$

0

All years prior to most current three years:

1.74

Total premium earned

\$

0

1.75

Total incurred claims

\$

0

1.76

Number of covered lives

\$

0

2.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [ ] No [ X ]

2.2

If yes, give particulars:

3.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes [ X ] No [ ]

3.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [ ] No [ X ]

4.1

Does the reporting entity have stop-loss reinsurance?

Yes [ X ] No [ ]

4.2

If no, explain:

4.3

Maximum retained risk (see instructions)

4.31

Comprehensive Medical

\$

189,972

4.32

Medical Only

\$

4.33

Medicare Supplement

\$

4.34

Dental

\$

4.35

Other Limited Benefit Plan

\$

4.36

Other

\$

5.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:  
Provider Contract states that in the event of Plan's insolvency that Providers have no recourse against members and that members who are undergoing treatment at termination will continue to have services provided until Plan notifies provider that member has been transferred.

6.1

Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [ X ] No [ ]

6.2

If no, give details:

7.

Provide the following Information regarding participating providers:

7.1

Number of providers at start of reporting year

195

7.2

Number of providers at end of reporting year

189

8.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [ X ] No [ ]

8.2

If yes, direct premium earned:

8.21

Business with rate guarantees between 15-36 months

20,237,461

8.22

Business with rate guarantees over 36 months

9.1

Does the reporting entity have Bonus/Withhold Arrangements in its provider contract?

Yes [ X ] No [ ]

9.2

If yes:

9.21

Maximum amount payable bonuses

\$3,594,562

9.22

Amount actually paid for year bonuses

\$

9.23

Maximum amount payable withholds

\$

9.24

Amount actually paid for year withholds

\$

10.

List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Wayne County, Michigan

31

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 23) .....	10,234,173	6,460,169	4,517,721	0	0
2. Total liabilities (Page 3, Line 18) .....	6,812,718	3,405,419	2,789,089	0	0
3. Statutory surplus .....		0	0	0	0
4. Total capital and surplus (Page 3, Line 26) .....	3,421,454	3,054,750	1,728,632	0	0
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 7) .....	19,960,701	13,729,575	9,335,588	0	0
6. Total medical and hospital expenses (Line 17) .....	17,240,671	11,180,736	7,507,627	0	0
7. Total administrative expenses (Line 19) .....	1,858,225	1,418,022	1,068,987	0	0
8. Net underwriting gain (loss) (Line 22) .....	474,604	885,467	758,974	0	0
9. Net investment gain (loss) (Line 25) .....	121,320	148,947	169,345	0	0
10. Total other income (Lines 26 plus 27) .....	88,472	400,012	0	0	0
11. Net income (loss) (Line 30) .....	684,396	1,434,426	928,319	0	0
<b>RISK - BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	3,421,455	3,054,750	1,728,632	0	0
13. Authorized control level risk-based capital .....	1,260,656	918,931	647,123	0	0
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	9,592	7,146	5,528	0	0
15. Total member months (Column 6, Line 7) .....	102,782	80,237	60,175	0	0
<b>OPERATING PERCENTAGE (Page 4)</b> <b>(Item divided by Page 4, sum of Line 2, 3 and 5)</b>					
16. Premiums earned (Line 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17) .....	86.4	81.4	80.4	0.0	0.0
18. Total underwriting deductions (Line 21) .....	97.6	93.6	91.9	0.0	0.0
19. Total underwriting gain (loss) (Line 22) .....	2.4	6.4	8.1	0.0	0.0
<b>UNPAID CLAIMS ANALYSIS</b> <b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 11, Col. 5) .....	4,366,131	2,167,081	0	0	0
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	3,117,166	2,563,235	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....	0	0	0	0	0
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....	0	0	0	0	0
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	0	0	0	0	0
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....	0	0	0	0	0
26. Affiliated mortgage loans on real estate .....		0	0	0	0
27. All other affiliated .....		0	0	0	0
28. Total of above Lines 22 to 27	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
<b>BONDS</b> Governments (Including all obligations guaranteed by governments)	1. United States .....				
	2. Canada .....				
	3. Other Countries .....				
	4. Totals				
States, Territories and Possessions (Direct and guaranteed)	5. United States .....				
	6. Canada .....				
	7. Other Countries .....				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries .....				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....				
	14. Canada .....				
	15. Other Countries .....				
	16. Totals				
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries .....				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries .....				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. <b>Total Bonds</b>				
<b>PREFERRED STOCKS</b> Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries .....				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries .....				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries .....				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. <b>Total Preferred Stocks</b>				
<b>COMMON STOCKS</b> Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries .....				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries .....				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries .....				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. <b>Total Common Stocks</b>				
	55. <b>Total Stocks</b>				
	56. <b>Total Bonds and Stocks</b>				

(a) The aggregate value of bonds which are valued at other than actual fair value is \$ .....

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year .....	6. Foreign Exchange Adjustment:
2. Cost of bonds and stocks acquired, Column 6, Part 3 .....	1. Column 17, Part 1 .....
3. Increase (decrease) by adjustment:	2. Column 13, Part 2, Sec. 1 .....
3.1 Column 16, Part 1 .....	3. Column 11, Part 2, Sec. 2 .....
3.2 Column 12, Part 2, Sec. 1 .....	4. Column 11, Part 4 .....
3.3 Column 10, Part 2, Sec. 2 .....	7. Book/adjusted carrying value at end of current period .....
3.4 Column 10, Part 4 .....	8. Total valuation allowance .....
4. Total gain (loss), Col. 14, Part 4 .....	9. Subtotal (Lines 7 plus 8) .....
5. Deduct consideration for bonds and stocks disposed of Column 6, Part 4 .....	10. Total nonadmitted amounts .....
	11. Statement value of bonds and stocks, current period .....

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE  
BOTSFORD HEALTH PLAN

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only			
				3	4	5	6
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL	No				
2.	Alaska	AK	No				
3.	Arizona	AZ	No				
4.	Arkansas	AR	No				
5.	California	CA	No				
6.	Colorado	CO	No				
7.	Connecticut	CT	No				
8.	Delaware	DE	No				
9.	District of Columbia	DC	No				
10.	Florida	FL	No				
11.	Georgia	GA	No				
12.	Hawaii	HI	No				
13.	Idaho	ID	No				
14.	Illinois	IL	No				
15.	Indiana	IN	No				
16.	Iowa	IA	No				
17.	Kansas	KS	No				
18.	Kentucky	KY	No				
19.	Louisiana	LA	No				
20.	Maine	ME	No				
21.	Maryland	MD	No				
22.	Massachusetts	MA	No				
23.	Michigan	MI	No	Yes		20,192,266	
24.	Minnesota	MN	No	No			
25.	Mississippi	MS	No	No			
26.	Missouri	MO	No	No			
27.	Montana	MT	No	No			
28.	Nebraska	NE	No	No			
29.	Nevada	NV	No	No			
30.	New Hampshire	NH	No	No			
31.	New Jersey	NJ	No	No			
32.	New Mexico	NM	No	No			
33.	New York	NY	No	No			
34.	North Carolina	NC	No	No			
35.	North Dakota	ND	No	No			
36.	Ohio	OH	No	No			
37.	Oklahoma	OK	No	No			
38.	Oregon	OR	No	No			
39.	Pennsylvania	PA	No	No			
40.	Rhode Island	RI	No	No			
41.	South Carolina	SC	No	No			
42.	South Dakota	SD	No	No			
43.	Tennessee	TN	No	No			
44.	Texas	TX	No	No			
45.	Utah	UT	No	No			
46.	Vermont	VT	No	No			
47.	Virginia	VA	No	No			
48.	Washington	WA	No	No			
49.	West Virginia	WV	No	No			
50.	Wisconsin	WI	No	No			
51.	Wyoming	WY	No	No			
52.	American Samoa	AS	No	No			
53.	Guam	GU	No	No			
54.	Puerto Rico	PR	No	No			
55.	U.S. Virgin Islands	VI	No	No			
56.	Canada	CN	No	No			
57.	Aggregate other alien	OT	XXX	XXX	0	0	0
58.	Total (Direct Business)	XXX	(a) 1	0	0	20,192,266	0
DETAILS OF WRITE-INS							
5701.							
5702.							
5703.							
5798.	Summary of remaining write-ins for Line 57 from overflow page			0	0	0	0
5799.	Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)			0	0	0	0

Explanation of basis of allocation by states, .....  
premiums by state, etc.:

(a) Insert the number of yes responses except for Canada and Other Alien.



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY  
GROUP

PART 1 - ORGANIZATIONAL CHART

